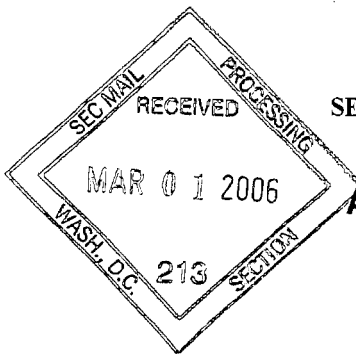


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OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-31475

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2005 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: R. Seelaus & Co., Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

25 De Forest Avenue, Suite 102

(No. and Street)

Summit

NJ

07901

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Karolina Pajdak (908) 273-3011

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Crane, Tonelli, Rosenberg & Co., LLP

(Name - if individual, state last, first, middle name)

25 De Forest Ave., Suite 101

Summit

NJ

07901

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

**JUN 08 2006**

**THOMSON  
FINANCIAL**

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

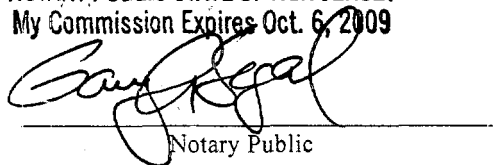
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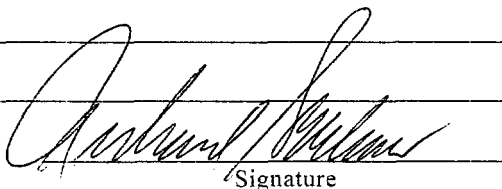
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## OATH OR AFFIRMATION

I, Richard Seelaus, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of R. Seelaus & Co., Inc., as of December 31, 20 05, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

**GARY A. SEGAL**  
NOTARY PUBLIC STATE OF NEW JERSEY  
My Commission Expires Oct. 6, 2009

  
Notary Public

  
Signature

President

Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

☒ (o) Independent Auditor's Report on Internal Control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**CRANE, TONELLI, ROSENBERG & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

WILLIAM S. CRANE, C.P.A. NJ, PA, FL  
JAMES R. TONELLI, C.P.A. NJ, NY, CA  
MICHAEL E. ROSENBERG, C.P.A. NJ  
DAWN I. LEZON, C.P.A. NJ  

---

SANFORD J. KARR, C.P.A. NJ

25 DeFOREST AVENUE  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL**  
**STRUCTURE REQUIRED BY SEC RULE 17a-5**

February 27, 2006

To the Board of Directors  
R. Seelaus & Co., Inc. & Subsidiary  
Summit, NJ 07901

In planning and performing our audit of the consolidated financial statements and supplemental schedules of R. Seelaus & Co., Inc. & Subsidiary (the Company) for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3.



THE AICPA ALLIANCE FOR CPA FIRMS

NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

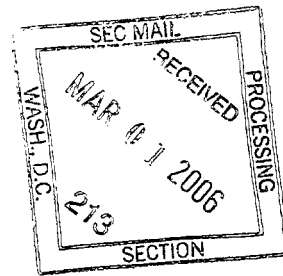
Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the New York Stock Exchange and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Crane, Tonelli, Rosenberg & Co., LLP*  
February 27, 2006



R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED  
DECEMBER 31, 2005

(With Independent Auditors' Report)

R. SEELAUS & CO., INC. & SUBSIDIARY

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Condition	2
Consolidated Statement of Income	3
Consolidated Statement of Changes in Stockholders' Equity	4
Consolidated Statement of Changes in Subordinated Borrowings	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7 – 13
SUPPLEMENTAL INFORMATION:	
Schedule I – Computation of Net Capital And Required Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission	14
Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission	15
Schedule III – Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission	16

CRANE, TONELLI, ROSENBERG & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INTERNET: [www.CTRL LLP.com](http://www.CTRL LLP.com)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
R. Seelaus & Co., Inc. & Subsidiary:

We have audited the accompanying consolidated statement of financial condition of R. Seelaus & Co., Inc. & Subsidiary as of December 31, 2005, and the related consolidated statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R. Seelaus & Co., Inc. & Subsidiary as of December 31, 2005, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I through III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

*Crane, Tonelli, Rosenberg & Co., LLP*

February 27, 2006



THE AICPA ALLIANCE FOR CPA FIRMS

NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2005

ASSETS

Cash	\$ 71,381
Receivables from clearing organization	259,792
Receivables from non-customers	23,116
Securities owned – marketable	9,520,512
Secured demand notes	290,000
Furniture, equipment, and leasehold improvements – net	98,599
Other assets	<u>267,073</u>
	<u>\$10,530,473</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:	
Payables to clearing organization	\$ 5,757,629
Securities sold, not yet purchased, at market value	1,589,245
Accounts payable, accrued expenses and other liabilities	<u>1,122,081</u>
	8,468,955
Commitments, contingencies and guarantees	-
Subordinated borrowings	290,000
Stockholders' equity:	
Common stock, no par value; 1,000,000 shares authorized, 143,190 shares issued and outstanding, stated at \$2.31 per share	330,769
Additional paid-in capital	173,343
Retained earnings	<u>1,267,406</u>
Total stockholders' equity	<u>1,771,518</u>
	<u>\$10,530,473</u>

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP



R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2005

## Revenues:

Trading gains	\$6,966,746
Syndicate income	1,935
Commission income	572,683
Annuity income	144,268
Interest and dividend income	421,346
Other income	<u>187,472</u>
 Total revenue	 8,294,450

## Expenses:

Employee compensation and benefits	6,195,294
Non-broker clearance charges	286,067
Interest and dividends	175,487
Communications and data processing	134,583
Occupancy and equipment	493,534
Promotion	1,763
Regulatory assessments	56,744
Payroll taxes	263,452
Depreciation	22,855
Other operating expenses	<u>563,477</u>

Total operating expenses	8,193,256
 Income before income taxes	 101,194
 Provision for income taxes	 <u>1,729</u>
 Net income	 \$ <u><u>99,465</u></u>

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Common Stock		Additional	Retained	Total
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u> <u>Capital</u>	<u>Earnings</u>	<u>Stockholders'</u> <u>Equity</u>
Balance at January 1, 2005	143,190	\$330,769	\$173,343	\$1,167,941	\$1,672,053
Net income	<u>          </u>	<u>          </u>	<u>          </u>	<u>99,465</u>	<u>99,465</u>
Balance at December 31, 2005	<u>143,190</u>	<u>\$330,769</u>	<u>\$173,343</u>	<u>\$1,267,406</u>	<u>\$1,771,518</u>

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED STATEMENT OF CHANGES IN SUBORDINATED  
BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Balance at January 1, 2005	\$ 290,000
Increases:	-
Decreases:	<u>-</u>
Balance at December 31, 2005	<u>\$ 290,000</u>

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows from Operating Activities:

Net Income	\$ 99,465
Adjustments to reconcile net income to	
Net cash provided by operating activities:	
Depreciation	22,855
(Increase) decrease in operating assets:	
Receivables from clearing organization	(38,718)
Securities owned	303,895
Other assets	53,753
Increase (decrease) in operating liabilities:	
Accrued expenses and other liabilities	60,751
Payables to clearing organization	929,302
Securities sold not yet purchased	(1,384,641)
Total adjustments	<u>(52,803)</u>
Net cash provided by operating activities	<u>46,662</u>

Cash Flows From Investing Activities:

Acquisitions of furniture, equipment, and leasehold improvements	<u>(30,334)</u>
Net cash (used in) investing activities	<u>(30,334)</u>

Net increase in cash 16,328

Cash at beginning of the year 55,053

Cash at end of the year \$ 71,381

Supplemental cash flows disclosures:

Cash paid during the year for:

Interest	\$ <u><u>175,487</u></u>
Income taxes	\$ <u><u>329</u></u>

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 1: Summary of Significant Accounting Policies:**

Description of Company

The Company organized in 1984, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company's customers are located throughout the United States, with offices in Summit, New Jersey, Boca Raton, Florida and Boston, Massachusetts.

Principles of Consolidation

The consolidated financial statements include the Company and its wholly-owned immaterial subsidiary. Intercompany balances and transactions have been eliminated in consolidation.

Securities Transactions

Proprietary securities transactions are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on trade date basis. Customer securities transactions and the related commission revenue and expense are recorded on a settlement date basis, which is not materially different than if transactions were recorded on the trade date.

Marketable securities are valued at market values. All investments as of December 31, 2005 are held at an outside location by a clearing organization.

Traded securities consist principally of municipal and government obligations and Unit Investment Trusts in order to provide income which is exempt from federal and/or state income taxes for the fixed-income investor. Other heavily traded securities include corporate bonds.

Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are recorded at cost. Depreciation is computed on the straight-line method, over the useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred.

(Continued)

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 1: Summary of Significant Accounting Policies: (Continued)**

Income Taxes

The Company elected S corporation status effective since January 1, 2003 (Note 8). Earnings and losses after that date are included in the personal income tax returns of the stockholders and taxed depending on their personal tax strategies.

Statement of Cash Flows

For purposes of the Consolidated Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," requires disclosure of the fair value of certain financial instruments. Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are reflected in the financial statements at carrying value, which approximates fair value because of the short-term maturity of these instruments. The carrying value of the Company's subordinated borrowings approximates the fair value based on the current rates available to the Company for similar instruments.

**Note 2: Securities Owned and Sold, Not Yet Purchased:**

The Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2005, at market values of the related securities and will incur a loss if the market value of the securities increases subsequent to December 31, 2005.

(Continued)

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 2: Securities Owned and Sold, Not Yet Purchased: (Continued)**

Marketable securities owned and sold not yet purchased, consist of trading and investment securities at market values as follows:

	<u>December 31, 2005</u>	
	<u>Owned</u>	<u>Sold Not Yet Purchased</u>
Obligations of U.S. government	\$ 4,048,478	\$ 1,453,486
State and municipal obligations	4,273,781	5,518
Corporate bonds, debentures, and notes	1,198,163	130,241
Other securities	90	-
	<u>\$ 9,520,512</u>	<u>\$ 1,589,245</u>

**Note 3: When-Issued Securities:**

The Company enters into certain transactions involving securities sold on a when-issued basis (when-issued securities). When-issued securities provide for the delayed delivery of the underlying instrument. When-issued securities transactions are entered into for trading purposes or to economically hedge other positions or transactions and are therefore subject to varying degrees of market and credit risk. The credit risk for when-issued securities is limited to the unrealized market valuation gains recorded in the statement of financial condition. The market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest rates.

(Continued)

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 4: Liabilities Subordinated to Claims of General Creditors:**

The borrowings under subordination agreements at December 31, 2005 are listed below:

Liability pursuant to secured demand note collateral agreement, 9% interest paid monthly through April 15, 2008 based on \$200,000 balance. Interest expense was \$18,000 for the year ended December 31, 2005.	\$190,000
--	-----------

Liability pursuant to secured demand note collateral agreement with an individual related to the majority stockholder, 8% interest paid monthly through April 15, 2008. Interest expense was \$8,000 for the year ended December 31, 2005.	<u>100,000</u> <u>\$290,000</u>
--	------------------------------------

The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealers, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

**Note 5: Furniture, Equipment, and Leasehold Improvements:**

Furniture, equipment, and leasehold improvements at December 31, 2005 is summarized as follows:

Office machinery and equipment	\$ 274,983
Leasehold improvements	<u>55,478</u>
	330,461
Less: Accumulated depreciation	<u>(231,862)</u>
Furniture, Equipment, and Leasehold Improvements-net	<u>\$ 98,599</u>

(Continued)



R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 6: Receivables from and Payables to Clearing Organization:**

The receivables from the clearing organization are commissions receivable. The payables to clearing organizations are loans collateralized by marketable securities at rates related to the Federal Funds rate.

**Note 7: Commitments:**

The Company is obligated under non-cancelable operating leases for office facilities and equipment expiring at various dates through October, 2010. The future minimum rental payments for the next five years and in the aggregate under the above lease agreements are as follows:

Years Ending December 31,

2006	\$ 230,771
2007	238,526
2008	245,672
2009	255,960
2010	<u>181,689</u>

Total future minimum lease payments	<u>\$1,152,618</u>
--	--------------------

Rent expense under all operating leases was approximately \$294,000 for the year ended December 31, 2005.

**Note 8: Income Taxes:**

The provision for income taxes for the year ended December 31, 2005 of \$1,729 has been provided in the financial statements for state corporate income tax obligations based upon the Company's current tax filing status as an S corporation. The Company elected S corporation status effective January 1, 2003. Earnings and losses after that date will be included in the personal income tax returns of the stockholders and taxed depending on their personal tax strategies. Accordingly, the Company will not incur additional income tax obligations.

(Continued)

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 9: Principal Transactions:**

The Company's principal transaction revenues by reporting categories, including derivatives, at December 31, 2005 are the following:

Municipal Trading Gains	\$ 1.8
Government Trading Gains	4.0
Corporate Trading Gains	1.1
UIT Trading Gains	<u>.1</u>
	<u>\$ 7.0</u>

**Note 10: Employee Benefit Plan:**

The Company maintains a 401(k) plan, which covers substantially all of its full-time employees. The plan permits employees to invest from 1% to 15% of their salary in the employee's choice of mutual fund. The Company matches 50% of the employee's contributions up to a maximum of 3%. During the year ended December 31, 2005, the Company contributed approximately \$141,000 to the plan.

**Note 11: Net Capital Requirements:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company had net capital of \$1,111,035, which is \$861,035 in excess of required net capital of \$250,000. The Company's net capital ratio at December 31, 2005 was 1.01 to 1.

(Continued)

Crane, Tonelli, Rosenberg & Co., LLP

R. SEELAUS & CO., INC. & SUBSIDIARY  
Notes to Financial Statements  
December 31, 2005

**Note 12: Consolidated Subsidiaries**

The following is a summary of certain financial information of the Company's consolidated subsidiary:

RSC Financial  
Products, LLC

Total assets	\$20,464
Stockholders' equity	19,377

The \$19,377 of stockholders' equity of the broker-dealer subsidiary is included as capital in a consolidated computation of the Company's net capital, because the assets of the subsidiary are readily available for the protection of the Company's customers, broker-dealers, and other creditors, as permitted by Rule 15c3-1.

**Note 13: Annual Report on Form X-17A-5:**

The annual report to the Securities and Exchange Commission on Form X-17A-5 is available for examination and copying at the Company's office and at the regional office of the Securities and Exchange Commission.

**Note 14: Concentrations:**

The Company maintains its cash balances in a financial institution located in New Jersey. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2005, the company had no uninsured cash balances.

\* \* \* \* \*

## SCHEDULE I

R. SEELAUS & CO., INC. & SUBSIDIARY  
COMPUTATION OF NET CAPITAL AND REQUIRED NET  
CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2005

Net Capital:

Stockholders' Equity from Statement of Financial Condition	\$1,771,520
Add: Subordinated borrowings (allowable in computation of net capital)	<u>290,000</u>
Total Capital and Allowable Subordinated Borrowings	<u>2,061,520</u>
Deductions and Charges:	
Non-Allowable Assets	<u>255,577</u>
Net Capital Before Haircuts on Security Positions (tentative net capital)	1,805,943
Haircuts on Securities	<u>694,908</u>
Net Capital	<u>\$1,111,035</u>

Aggregate Indebtedness:

Payable to Brokers and Dealers	\$ -
Accrued Expenses and Other Liabilities	<u>1,122,081</u>
Total Aggregate Indebtedness	<u>\$1,122,081</u>

Computation of Basic Net Capital Requirement:

Minimum Net Capital Required (6 2/3% of Aggregate Indebtedness of \$1,122,081)	<u>\$ 74,805</u>
Minimum Dollar Net Capital Requirement	<u>\$ 250,000</u>
Net Capital Required	<u>\$ 250,000</u>
Excess Net Capital at 1,500%	<u>\$ 861,035</u>
Excess Net Capital at 1,000%	<u>\$ 998,826</u>
Ratio of Aggregate Indebtedness to Net Capital	1.01

Reconciliation With The Company's Computations:

A reconciliation is not necessary pursuant to rule 17a-5(d)(4) since there were no material differences between the computations of aggregate indebtedness and net capital as computed above and the computation by the Company included in Form X-17A-5 as of December 31, 2005, as amended, filed on February 27, 2006.

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

## SCHEDULE II

R. SEELAUS & CO., INC. & SUBSIDIARY  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS PURSUANT TO RULE 15c3-3  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2005

Credit Balances NONE

Debit Balances NONE

Reserve Computation:

Excess of Total Credits Over Total Debits NONE

Required Deposit NONE

Frequency of Computation: NOT  
APPLICABLE

Reconciliation With The Company's Computations:

A reconciliation is not necessary pursuant to rule 17a-5(d)(4) since there are no material differences between the computation for determination of reserve requirements as computed above and the computation by the Company included in the Form X-17A-5 as of December 31, 2005, as amended, filed on February 27, 2006.

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP

# SCHEDULE III

## R. SEELAUS & CO., INC. & SUBSIDIARY INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2005

State the Market Value and the Number of Items:

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of December 31, 2005 (for which instructions to reduce to possession or control had been issued as of that date, but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3).

NONE

Number of Items

NONE

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

NONE

Number of Items

NONE

See accompanying notes to consolidated financial statements

Crane, Tonelli, Rosenberg & Co., LLP